

S/L 7
30.03.2026
Court. No. 25
suvayan

WPA 6745 of 2026

M/s. Sewak Enterprises
Vs.
The Union of India & Ors.

Mr. Kalyan Kumar Bandopadhyay, Sr. Adv.
Mr. Rahul Kumar Singh
Ms. Utsa Poddar
Ms. Sneha Sarkar

...for the petitioner.

Ms. Sayani Roy Chowdhury

...for U.O.I.

Mr. Sanjib Kr. Mal
Ms. Shomrita Das
Mr. Shomrik Das

...for the respondent nos. 2 & 3.

1. The petitioner has filed the present writ petition challenging show-cause notice dated February 26, 2026 by suspending the vehicle bearing registration no. OD02BU9287 under suspension with immediate effect with the direction to file show-cause reply within seven days from the date of receipt of the notice as to why punitive action like forfeiture of EMO and cautioned money including for termination of contract of the vehicle should not be initiated.
2. During pendency of the writ application, the authorities have issued the termination order on March 20, 2026 and the said termination order was brought to the notice of the Court by way of a supplementary affidavit. In the said termination order it is mentioned that the contract of the petitioner is terminated with immediate effect for failure to submit the RC and PESO license within four months from issuance of LOA as mandated by the

corrigendum dated 04.04.2025. Further the earnest money and the caution money deposited for the said TTs stands forfeited.

3. The petitioner has filed the supplementary affidavit on March 27, 2026 wherein the petitioner has disclosed the particulars of the registration of the vehicle which reveals that on February 9, 2026 the ownership of the vehicle has been transferred and PESO license has been transferred on February 11, 2026.
4. Today when the matter is taken up for hearing, the petitioner has filed second supplementary affidavit by disclosing the email dated February 10, 2026 wherein it reveals that the petitioner has informed the authority about the change of ownership of the subject TT has been completed and the registration certificate is attached to the said email. On February 11, 2026, the petitioner has again sent an email to the respondents informing that the PESO license has also been completed and PESO license was attached along with the said email.
5. Learned counsel for the petitioner submits that the petitioner has informed the authorities with regard to the change of ownership of the vehicle and the PESO license but without considering the documents, the authorities have issued a show-cause notice on February 26, 2026.
6. In the corrigendum of tender dated April 4, 2025 it is mentioned that in case the bidder fails to submit the required documents with change of name, etc. within four months of issue of LOI, suitable penal action shall not be taken which may include EMD forfeiture, caution

money forfeiture, termination of the order of such TTs and blacklisting of such TTs. Under no circumstances will the abovementioned timeline be extended. In such cases, the contracting Corporation reserves the right and shall be at liberty to induct TTs as per the methodology mentioned in the tender to fulfill the shortfall arising thereof. Period of four months completed on February 9, 2026 and the petitioner got the vehicle transferred in its name on February 9, 2026. PESO license was transferred on February 11, 2026. The said documents were forwarded by the petitioner to the respondents on February 10, 2026 and February 11, 2026 but without considering the said documents on February 26, 2026 show-cause notice was issued by suspending the said vehicle.

7. The petitioner is also taken further stand that initially the authorities have extended the bulk LPG transportation of contract by road for six months that is up till February 20, 2026 and as such if the earlier contract was extended till the February 20, 2026 thus the authorities cannot say that within four months the ownership is to be transferred by February, 2026.
8. *Per contra*, learned advocate appearing for the respondents/authorities has raised the question of maintainability of the writ application on the ground that the tender document provides arbitration clause but the petitioner without invoking the arbitration process as filed by the present writ application. He further submits that the petitioner has not disclosed the agreement and

the affidavit wherein the petitioner has categorically given an undertaking that the petitioner will take appropriate steps for transferring the ownership and the PESO license within a period of four months from the LOI. The learned counsel for the respondents further submits that after the termination of the contract of the petitioner the new LOI has been issued to the some other third party.

9. He submits that as per extension of existing bulk LPG transportation contract if transporter who received LOI of a different OMC/State would be allowed to terminate or foreclose the contract during the extended period by giving 15 days notice to the Corporation. He submits that the petitioner has accepted the LOI dated October 10, 2025, thus the petitioner cannot claim the benefit of extension.
10. Learned counsel for the respondents relied upon the judgment in the case of ***Joshi Technologies International INC vs. Union of India and Others*** reported in **(2015) 7 SCC 728** and submits that whenever a particular mode of settlement of dispute is provided in the contract, the High Court would refuse to exercise its discretion under Article 226 of Constitution of India. He further relied upon the judgment in the case of ***M.P. Power Management Company Limited, Jabalpur vs. Sky Power Southeast Solar India Private limited and Others*** reported in **(2023) 2 SCC 703** and submits that the existence of a provision for arbitration, which is a forum intended to quicken the

pace of dispute resolution is viewed as a bar to entertain a writ petition.

11. Heard the learned counsel for the respective parties perused the materials on record.
12. This Court finds that the LOI has been issued to the petitioner on October 10, 2025. As per the terms and conditions in case the bidder fails to submit the required documents with change of name etc. within four months from the issuance of LOI, suitable penal action shall be taken including the forfeiture of EMD and caution money. In the present case the LOI was issued on October 10, 2025, the four months completed on February 9, 2026. The document produced by the petitioner in the supplementary affidavit shows that the transferred of the ownership of the particular vehicle has been transferred on February 9, 2026 itself and on February 10, 2026 the petitioner has informed the authorities by way of email dated February 10, 2026 and subsequently, the PESO license was also transferred in the name of the petitioner and the same was also informed to the authorities on February 11, 2026. The authorities without considering the document submits by the petitioner by way of email dated February 10, 2026 and February 11, 2026 wherein the petitioner has disclosed the transfer of ownership and transferred of the PESO license had issued a show-cause notice dated February 26, 2026. In the show-cause notice it is not the case of the authorities that the petitioner has submitted the document by transferring the ownership and the

PESO license after the period of four months. It is the specific case in the show-cause notice that the petitioner has not transferred the ownership and the PESO license within four months but that is contrary to the document produced before this Court by way of supplementary affidavit.

13. In the case of ***Unitech Limited and others vs. Telengana State Industrial Infrastructure Corporation (TSHC) and others*** reported in **(2021) 16 SCC 35** wherein the Hon'ble Supreme Court held that:

“39.6. In determining as to whether the jurisdiction should be exercised in a contractual dispute, the Court must, undoubtedly eschew, disputed questions of fact which would depend upon an evidentiary determination requiring a trial. But equally, it is well settled that the jurisdiction under Article 226 cannot be ousted only on the basis that the dispute pertains to the contractual arena. This is for the simple reason that the State and its instrumentalities are not exempt from the duty to act fairly merely because in their business dealings they have entered into the realm of contract. Similarly, the presence of an arbitration clause thus (sic not) oust the jurisdiction under Article 226 in all cases though, it still needs to be decided from case to case as to whether recourse to a public law remedy can justifiably be invoked.”

In the case of ***M.P. Power Management Company Limited, Jabalpur (supra)*** the Hon'ble Supreme Court held that:

*“82.12. In a case the State is a party to the contract and a breach of a contract is alleged against the State, a civil action in the appropriate forum is, undoubtedly, maintainable. But this is not the end of the matter. Having regard to the position of the State and its duty to act fairly and to eschew arbitrariness in all its actions, resort to the constitutional remedy on the cause of action, that the action is arbitrary, is permissible (see in this regard *Shrilekha Vidyarthi v. State of U.P.*³⁰). However, it must be made clear that every case involving breach of contract by the State, cannot be dressed up and disguised as a case of arbitrary State action. While the concept of an arbitrary action or inaction cannot be cribbed or confined to any immutable mantra, and must be laid bare, with reference to the facts of each case, it cannot be a mere allegation of breach of contract that would suffice. What must be involved in the case must be action/inaction, which must be palpably unreasonable or absolutely irrational and bereft of any principle. An action, which is completely mala fide, can hardly be described as a fair action and may, depending on the facts, amount to arbitrary action. The question must be posed and answered by the Court and all we intend to lay down is that there is a discretion available to the Court to grant relief in appropriate cases.”*

14. Considering the same, this Court finds that the authorities without considering the document submitted by the petitioner on February 10, 2026 and February 11, 2026 wherein the petitioner has disclosed the transfer of ownership and the particular vehicle on February 9, 2026 and the PESO license on February 11, 2026.

15. This Court finds that the authorities have issued the show-cause notice on the pretext that the ownership and the PESO license have not been transferred within four months in terms of the condition of the contract. The show-cause notice was issued on February 26, 2026 wherein the fact remains the petitioner has submitted the document on February 10, 2026 and February 11, 2026. Considering the above, this Court finds that the authorities without considering the document submitted by the petitioner on February 10, 2026 and February 11, 2026 wherein the petitioner has submitted the transfer of ownership of the vehicle as well as the PESO license, thus the issuance of the show-cause notice is without any application of the mind.
16. Consequently, the authorities have also issued the impugned order by terminating the contract without considering the said documents.
17. In view of the above, this Court finds that the authorities while issuing the show-cause notice and the impugned order of termination have not considered the documents submitted by the petitioner wherein it is clear that the petitioner has already challenged the ownership and PESO license of the vehicle. Thus the show-cause notice and the termination notice are set aside and quashed.
18. WPA 6745 of 2026 is disposed of.
19. Urgent Xerox certified copy of this order, if applied for, be given to the parties upon compliance of all necessary formalities.

(Krishna Rao, J.)